

## Message Text

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ARA/APU:PMATHESON

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R 271455Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

UNCLAS STATE 044123

E.O. 11652: N/A

TAGS: APUB, AR

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO ARGENTINA

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF  
EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 18  
MILLION TO AGUA Y ENERGIA ELECTRICA (AYEE) OF BUENOS AIRES.  
RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C.  
FOR A.M. PAPERS, TUESDAY, MARCH 11, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 18 MILLION ASSISTS DOLS 40  
SALE OF U.S. EQUIPMENT FOR HYDROELECTRIC PROJECT IN ARGENTINA

TO HELP FINANCE A DOLS 40 MILLION SALE OF U.S. EQUIPMENT AND  
SERVICES REQUIRED IN THE CONSTRUCTION OF A PUMPED-STORAGE  
HYDROELECTRIC INSTALLATION IN ARGENTINA, THE BOARD OF DIRECTORS  
OF THE EXPORT-IMPORT BANK OF THE UNITED STATES, PURSUANT TO  
A PRELIMINARY COMMITMENT APPROVED IN NOVEMBER 1973, HAS  
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AUTHORIZED A DIRECT CREDIT OF DOLS 18 MILLION TO FINANCE

45 PERCENT OF THE TOTAL U.S. COSTS AND A FINANCIAL GUARANTEE OF A CREDIT OF DOLS 18 MILLION BY LLOYDS BANK INTERNATIONAL LIMITED TO FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. THE OBLIGOR, AGUA Y ENERGIA ELECTRICA (AYEE) OF BUENOS AIRES, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 4 MILLION. EXIMBANK IS ALSO PROVIDING A GUARANTEE OF A LOCAL COST LOAN OF DOLS 6 MILLION.

U.S. PURCHASES WILL BE FOUR REVERSIBLE HYDRAULIC TURBINE/ PUMP UNITS AND FOUR SPHERICAL VALVES PLUS INSTALLATION SUPERVISION. ALLIS-CHALMERS CORPORATION OF YORK, PENNSYLVANIA, WILL BE THE SUPPLIER OF THE UNITS.

AYEE, AN AUTONOMOUS STATE ENTERPRISE RESPONSIBLE FOR ARGENTINA'S SUPPLY OF IRRIGATION SERVICES AND RIVER CONTROL THROUGHOUT ARGENTINA, AND A SUBSTANTIAL SEGMENT OF THE SUPPLY OF THE COUNTRY'S ELECTRIC POWER, PLANS CONSTRUCTION OF THE RIO GRANDE PUMPED-STORAGE HYDROELECTRIC POWER STATION IN A LOCATION CONVENIENT TO THE RIO TERCERO NUCLEAR PLANT WHICH IS NOW UNDER CONSTRUCTION.

THE LOANS ARE TO BE REPAID IN 24 SEMIANNUAL INSTALLMENTS BEGINNING OCTOBER 1, 1980. EXIMBANK'S DIRECT CREDIT OF DOLS 18 MILLION WILL BE REPAID OUT OF THE LAST 12 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.75 PERCENT TO 9.0 PERCENT PER ANNUM. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY BANCO NACIONAL DE DESARROLLO.  
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**Subject:** PRESS RELEASE ON EXIMBANK CREDIT TO ARGENTINA FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF  
**TAGS:** APUB, AR  
**To:** BUENOS AIRES  
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